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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/092,005	03/06/2002	Gordon P. Getty	8102P001	7579
8791 7590 08/22/2008 BLAKELY SOKOLOFF TAYLOR & ZAFMAN LLP 1279 OAKMEAD PARKWAY SUNNYVALE, CA 94085-4040				
EXAMINER				
LIVERSEIDGE, JENNIFER L				
ART UNIT		PAPER NUMBER		
3692				
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary

Application No.

10/092,005

Applicant(s)

GETTY, GORDON P.

Examiner

JENNIFER LIVERSEGE

Art Unit

3692

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 23 June 2008.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-3, 5-18, 20, 22 and 23 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-3, 5-18, 20, 22 and 23 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO/SB-08)
Paper No(s)/Mail Date _____

- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

DETAILED ACTION

Response to Amendment

This Office Action is responsive to Applicant's amendment and request for reconsideration of application 10/092,005 filed on June 23, 2008.

The amendment contains original claims: 9 and 11.

The amendment contains amended claims: 1, 5 and 15-17.

The amendment contains previously presented claims: 2-3, 6-8, 10, 12-14, 18, 20 and 22-23.

Claims 4, 19 and 21 have been canceled.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-3 and 5-14 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. Based on Supreme Court precedent and recent Federal Circuit decisions, a § 101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972); *Cochrane v. Deener*, 94 U.S. 780, 787-88 (1876).

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

The factual inquiries set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 148 USPQ 459 (1966), that are applied for establishing a background for determining obviousness under 35 U.S.C. 103(a) are summarized as follows:

1. Determining the scope and contents of the prior art.
2. Ascertaining the differences between the prior art and the claims at issue.
3. Resolving the level of ordinary skill in the pertinent art.
4. Considering objective evidence present in the application indicating obviousness or nonobviousness.

Claims 1-3, 5-18, 20 and 22-23 are rejected under 35 U.S.C. 103(a) as being unpatentable over US Patent 7,035,820 B2 to Goodwin et al. (further referred to as Goodwin), in view of US Pub 2003/0074300 A1 to Norris (further referred to as Norris), and further in view of "Critics say government's market stabilization policy short-sighted" in the Korea Herald (further referred to as the Herald).

Regarding claim 1, Goodwin discloses a method of providing liquidity utilizing a liquidity vehicle, comprising:

(a) at least one investment fund wanted to receive liquidity services registering with the liquidity vehicle (column 9, lines 15-25; column 14, lines 17-20);

(b) prompting at least one registered investment fund to offer shares to the liquidity vehicle (column 10, lines 26-31; column 12, lines 19-58; Table 1, buyer and seller alerts; column 22, lines 10-18; column 24, lines 40-46; column 25, lines 17-64); and

(c) the liquidity vehicle purchasing at least one offered share of the at least one registered investment fund with proceeds of the purchase going to the at least one registered investment fund (column 2, lines 32-37; column 9, lines 40-45; column 17, lines 48-54).

Goodwin does not disclose holding the at least one purchased share in the liquidity vehicle for a period of time. However, Norris discloses holding the at least one purchased share in the liquidity vehicle for a period of time (page 1, paragraphs 5-6; page 2, paragraph 14; page 5, paragraphs 48, 52-53 and 55; page 6, paragraphs 61-62; page 7, paragraphs 80-81). It would have been obvious to one of ordinary skill in the art at the time of the invention to modify the selling of shares of securities through registration at a website as disclosed by Goodwin to adapt the use of repurchase agreements as disclosed by Norris. The motivation would be that both sales and repurchase agreements result in the sale of shares of a security and both are common and well known financial transactions in the financial field. Adapting the ability to engage in repurchase agreements using the website offering the sale of securities

would result in the offering of a broader range of like financial transactions known in the art.

Neither Goodwin nor Norris disclose using the liquidity services to meet financial obligations resulting from the redemption of at least one share of the at least one investment fund and wherein a net share outflow comprises the registered investment fund having an excess number of shares being redeemed, excluding share redeemed by the liquidity vehicle, in comparison to a number of shares being purchased, excluding shares purchased by the liquidity vehicle, over a given period of time; and redeeming at least one of the at least one purchased share from the at least one registered investment fund following an occurrence of a net inflow of shares of the same at least one registered investment fund. However, the Herald discloses these limitations through the discussion of providing liquidity to investment trust and securities companies where it is anticipated that investors will redeem funds at greater than usual rates resulting in liquidity issues, accordingly the investment institutions are being offered repurchase agreements in order to meet the expected liquidity shortages and wherein repurchase agreements are entered into for the purpose of creating short term liquidity such that fluctuations of cash inflows and outflows can be accommodated, entering into a repurchase agreement when extra liquidity is required and then repurchasing the securities from a net inflow occurs and the extra liquidity is no longer required (page1, final paragraph – page 2, first paragraph continued from page 1). It would be obvious to one of ordinary skill in the art at the time of invention to modify the trading of loans and securities as disclosed by Goodwin and the offering of REPOs for

securities as disclosed by Norris to enter into a REPO for the purpose of meeting obligations resulting from the redemption of shares in excess of shares being purchased as disclosed by the Herald as a means to meet inflow and outflow requirements. The motivation would be to provide liquidity through financial mechanisms that are known in the art.

Regarding claims 2 and 3, Goodwin discloses wherein the at least one registered investment fund is prompted by a third party (column 10, lines 26-31; column 12, lines 19-58; Table 1, buyer and seller alerts; column 22, lines 10-18; column 24, lines 40-46; column 25, lines 17-64). Goodwin does not specifically disclose where the prompting is performed by the liquidity vehicle. However, it would have been obvious to one of ordinary skill in the art at the time of the invention that the liquidity vehicle could do the prompting. For example, the liquidity vehicle could be operating the trading system such that the liquidity vehicle would then be the party prompting. Eliminating a third party is an old and well known process.

Regarding claim 5, Goodwin does not specifically disclose wherein the at least one offered share is purchased in operation (c) prior to the next trading day after an occurrence of an outflow of shares of the same at least one registered investment fund. However, Goodwin discloses a computer web site for which users have access to access in order to list items for sale in order to provide expedited liquidity (column 2, lines 32-46) in which buyers receive notification of available products for sale that

match their preferences (column 12, lines 19-58). It would be obvious to one of ordinary skill in the art at the time of the invention for a buyer to buy shares of a listed investment fund with shares available for sale, and to do so prior to the next trading day. If a seller lists shares for sale on the liquidity system as disclosed by Goodwin, it is because the seller is actively seeking liquidity in the shares. A buyer who has listed preferences that match the items for sale would then want to buy those shares as they become available in order to maximize their investments strategies. If the buyer waits and the funds are not bought by the next trading day, the seller seeking liquidity could be interested in then opening the sale to a broader audience, the buyer would potentially lose out on the opportunity for investment. The computerized, Internet or other network based system of Goodwin provides a means of continual listing, notification, and matching of offers to buy and sell such that the parties are not restricted to trading day limitations.

Regarding claims 6-7 and 13-14, Goodwin does not specifically disclose wherein operation (e) is performed prior to a next trading day following an occurrence or within five or a specified number of trading days of an occurrence of an inflow of shares of the same at least one registered investment fund. However, it would have been obvious to one of ordinary skill in the art to designate a timeframe to include prior to the next trading day or within 5 days when an inflow of shares has been received. The motivation would be that the sale and purchase of the shares, as established in the original transaction, was meant to provide liquidity while the investment fund was in a state of need. When the investment fund is no longer in a state of need, the investment

fund would then regain ownership of the shares per the original agreement. The intent of the transaction is to provide short term liquidity and thus the time frame of the trade of funds for shares is also short term. Norris, for example, specifically discloses where the time frame is negotiated between parties and can range from anywhere to overnight to multi-week depending on requirements of parties (page 7, paragraph 84; page 8, paragraph 96).

Regarding claims 8, 11 and 12, Goodwin discloses wherein a fee is charged in connection with the purchase of the at least one offered share (column 10, lines 10-19). Goodwin does not disclose where the fee is determined and charged by the liquidity vehicle. However, it would be obvious to one of ordinary skill in the art that a liquidity vehicle could determine and charge fees, as it is old and well known in the field of conducting financial transactions to charge fees. As the liquidity vehicle is providing a service by purchasing shares from an investment fund requiring liquidity, it would be obvious for the liquidity vehicle to charge a fee for providing that service. It is old and well known for fees to be charged by various parties of a transaction for various elements of the transaction, ranging from initiation fees, documentation fees, closing fees, fees per dollar value of transaction, fees per number of transactions, fees based on the volume of a transaction, feed charged for late payments, fees for early termination, fees charged by a lender, fees charged by third parties, etc. As it relates to claim 2, Goodwin discloses fees being charged by the system operator. In the case of Goodwin, the system operator is a third party. However, as stated in the rejection of

claim 2 above, it would be obvious that the liquidity provider could be the system operator, in which case the fee as disclosed by Goodwin would then be charged by the liquidity provider. Given the old and well known nature of charging fees by all involved parties and for any unlimited number of elements of a transaction, it would be obvious to one of ordinary skill in the art that the liquidity vehicle could charge any number of fees in exchange for the service of offering liquidity provided.

Regarding claims 9-10, Goodwin discloses wherein a purchase price is determined through an auction (column 2, lines 32-46; column 7, lines 63-67; column 24, lines 30-33; Table 3). Goodwin does not disclose wherein the fee is determined through an auction or a Dutch auction. However, it would be obvious to one of ordinary skill in the art that if the purchase is being conducted via an auction, that all applicable fees could be included in the price that is visible such that a bidder is bidding on a total price for the amount of liquidity required as well as the fees associated therewith.

Regarding claims 15-18, 20 and 22-23, further system and computer readable medium claims would have been obvious in order to implement the previously rejected method claims 1-3 and 5-14 and are therefore rejected using the same art and rationale.

Response to Arguments

Applicant argues that Goodwin does not teach or suggest a combination with Norris and the Herald and that neither Norris nor the Herald teach or suggest a combination with Goodwin and that the combinations would only come from impermissible hindsight. Examiner respectfully disagrees. Goodwin discloses the providing of liquidity through the auction of loans and other financial products, Norris discloses the providing of liquidity through the use of repurchase agreements and the Herald discloses the providing of repurchase agreements in order to meet liquidity requirements when there exists a high degree of share redemptions. Each of the systems are used for providing liquidity to a market through the transfer of shares and the exchange of funds. Therefore, Goodwin, Norris and the Herald are analogous art and the teachings related to the providing of liquidity through the transfer of shares and funds provide a motivation for combining elements as disclosed in each reference.

Further, the courts have rules that "A suggestion, teaching, or motivation to combine the relevant prior art teachings does not have to be found explicitly in the prior art, as the teaching, motivation, or suggestion may be implicit from the prior art as a whole, rather than expressly stated in the references... The test for an implicit showing is what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art. In re Kotzab, 217 F.3d 1365, 1370 (Fed. Cir. 2000). However, rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational

underpinning to support the legal conclusion of obviousness. See *Lee*, 277 F.3d at 1343-46; *Rouffett*, 149 F.3d at 1355-59. This requirement is as much rooted in the Administrative Procedure Act, which ensures due process and non-arbitrary decisionmaking, as it is in § 103. See *id.* at 1344-45." In *re Kahn*, 78 USPQ2d 1329, 1336 (CA FC 2006). XXXXX "It is, of course, not necessary that either [prior art references] actually suggest, expressly or in so many words, the changes or possible improvements appellant has made." In *re Sheckler*, 168 USPQ 716, 717 (CCPA 1971).

In response to applicant's argument that there is no suggestion to combine the references, the Courts have stated that "[a] suggestion, teaching, or motivation to combine the relevant prior art teachings does not have to be found explicitly in the prior art, as the teaching, motivation, or suggestion may be implicit from the prior art as a whole, rather than expressly stated in the references...The test for an implicit showing is what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art... there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness." (emphasis added) In *re Kahn*, 78 USPQ2d 1329, 1336 (CA FC 2006). Examiner asserts that she can and/or has provided such "articulated reasoning" to support the legal conclusion of obviousness.

In addition, the Courts have stated that "[w]hen a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, §103 likely bars its patentability. For the same reason, if a

technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill." KSR Int'l Co. v. Teleflex, Inc. 127 S. Ct. 1727, 1740, 92 USPQ2d 1385, 1396 (2007).

In the instant case, the cited prior art references were available in the field at the time of the purported invention. The Applicant merely implemented a predictable variation of these existing methods in establishing his/her own invention. Such predicatability is based upon the fact that each incorporated method performs the same function and provides the same utility as originally intended in their pre-combination state.

In response to applicant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971).

Applicant argues that the prior art, either alone or in combination, fails to disclose "prompting at least one registered investment fund having a net share outflow to offer shares to the liquidity vehicle, wherein the net share outflow comprises ... having an excess number of shares being redeemed ... in comparison to a number of shares

being purchased ... over a given period of time" and further fails to disclose "redeeming at least one of the at least one purchased share from the at least one registered investment fund following an occurrence of a net inflow of shares of the same at least one registered investment fund". Examiner respectfully disagrees. As cited above with regards to combining Goodwin, Norris and the Herald, Goodwin discloses the providing of liquidity through the auction of loans and other financial products, Norris discloses the providing of liquidity through the use of repurchase agreements and the Herald discloses the providing of repurchase agreements in order to meet liquidity requirements when there exists a high degree of share redemptions. Each of the systems are used for providing liquidity to a market through the transfer of shares and the exchange of funds. Goodwin, Norris and the Herald are analogous art and the teachings related to the providing of liquidity through the transfer of shares and funds provide a motivation for combining elements as disclosed in each reference. Goodwin discloses prompting an investment fund to sell shares. Norris discloses where shares are held over time through the use of repurchase agreements, and the Herald discloses the use of repurchase agreements when a fund is exposed to liquidity concerns as a result of redemption and the implementation of repurchase agreements in meeting liquidity demands. As is known in the field regarding the use of repurchase agreements, the Herald discloses these limitations through the discussion of providing liquidity to investment trust and securities companies where it is anticipated that investors will redeem funds at greater than usual rates resulting in liquidity issues, accordingly the investment institutions are being offered repurchase agreements in

order to meet the expected liquidity shortages and wherein repurchase agreements are entered into for the purpose of creating short term liquidity such that fluctuations of cash inflows and outflows can be accommodated, entering into a repurchase agreement when extra liquidity is required and then repurchasing the securities from a net inflow occurs and the extra liquidity is no longer required. Repurchase agreements are used for meeting short term liquidity needs, and are reversed or "undone" when there is an inflow of cash and the need for liquidity no longer exists.

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure:

US Pub No. 2003/0083972 A1 discloses the need for fund managers to understand and anticipate liquidity requirements to meet redemptions, where there is generally net inflows rather than net outflows, and wherein net redemptions must be able to be met and therefore funds must maintain a certain level of liquidity.

Any inquiry concerning this communication should be directed to Jennifer Liversedge whose telephone number is 571-272-3167. The examiner can normally be reached on Monday - Friday, 8:30 AM - 5 PM.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Kambiz Abdi can be reached at 571-272-6702. The fax number for the organization where the application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

/Jennifer Liversedge/

Examiner, Art Unit 3692